

CITY OF SAN ANTONIO
Department Of Finance

**ADDENDUM TO REQUEST FOR BID FOR
TAX-EXEMPT MASTER LEASE PURCHASE FINANCING PROVIDER**

Term Sheet

Question: If a Bidder is not a current subscriber to Thompson Municipal Market Monitor Service, and therefore, does not currently have access to the Municipal Market Data Tax-Exempt Index ("MMD") information required per the Request For Bid as written to prepare a bid response, will the City entertain an alternative index base that is publicly available and reported independent of the Bidder (i.e. the Federal Reserve H.15 reports)?

Answer: No, the City will not accept an alternative Tax Exempt index base. The City will provide the MMD schedule to any prospective bidder that does not have access to this information. The MMD schedule for the close of business January 10, 2005 will be e-mailed to everyone who was emailed the original Request For Bid, the schedule will be posted on the City's Website (<http://www.sanantonio.gov/rfp/page>), and a copy will be mailed to anyone who has requested a Request For Bid via mail on January 11, 2005.

Question: I am not clear how interest rates for terms other than 60 months will be based. It is my preference to provide the City with a spread for each potential term. Will this be acceptable?

Answer: No. Future interest rates will be determined by the final maturity of each future lease purchase financing, plus the initial bid spread, if any, as listed on the Bid Sheet submitted by the successful bidder.

Question: What type of renewal process will be involved or is it the City's intention that the pricing index be held firm for five years? Can there be any negotiation of future pricing based on changes in the market? Is this a locked in five-year commitment on both parties?

Answer: On an annual basis, the City will determine the amount of lease purchase financing needed, if any, not to exceed an annual amount of \$5,000,000. The setting of the future Tax-Exempt interest rate will be based on the then current MMD, plus the initial bid spread. The interest rate is not locked, as it is based upon the then current MMD; however, the methodology for setting the interest rate for each lease financing will not change.

Question: Please confirm that the City does intend to have an interest only payment due May 1 in addition to 20 equal quarterly payments of principal and interest beginning August 1. This would make the term slightly longer than 5 years. Does the City intend all schedules to begin with an interest only payment?

Answer: Yes, the City does anticipate having an interest only payment on May 1, 2005 followed by 20 equal quarterly principal and interest payments for the initial lease financing. Exact dates listed in the Request for Bid will depend on the timing of several factors, such as the execution date of the lease and funding. Depending on the timing of any future funding, subsequent funding schedules may include an interest only first payment followed by equal quarterly principal and interest payments.

Question: For bidding purposes should the stated dates of February 24 and March 15 for delivery of the Equipment be considered the dated date for interest calculation?

Answer: Interest shall accrue commencing on the date of actual delivery of funds, regardless of the dates the Equipment is delivered. The City anticipates that the funding for the initial schedule shall occur on February 24,

2005, and shall include both funding for the mainframe system and the self-contained breathing apparatus, even though some of this equipment will be delivered at a later date.

Question: Does the City want only one spread to calculate the rate for all terms or can there be a different spread for each term, 2 to 5 years?

Answer: The City only wants one spread, regardless of the term.

Bid Sheet

The City of San Antonio is providing clarification to the Bid Sheet regarding:

- The 1/10/05 MMD Rate referenced refers to the MMD Rate at the close of business on 1/10/05.
- Total Interest Cost referenced refers to Total Interest Cost calculated on a 30/360 day basis.

The City of San Antonio, Texas (the "City") is accepting bids for a five-year commitment for a Tax-Exempt Master Lease Purchase Financing Provider. The City anticipates funding various personal property acquisition requirements over the next five years with an annual lease financing amount not to exceed \$5,000,000. Major City departments that may utilize this financing option include Fire, Public Works, Environmental Services, Information Technology Services, Police, and Parks and Recreation. The lease purchase proceeds will be utilized for the acquisition of various items of personal property and to pay the cost of financing. The amortization period for funding these items will vary between two (2) and five (5) years at the City's sole option.

The City will select the firm whose bid produces the lowest total interest cost to the City, and whose terms and conditions of the proposed Master Lease Purchase Agreement (the "Master Lease") are consistent with the City's objectives.

Each firm that responds to this request for bid (the "Bidder") must sign and submit the attached "Tax-Exempt Master Lease Purchase Financing Provider Bid Sheet" (the "Bid Sheet") along with all other required documentation not later than 1:30 p.m. Central Standard Time, on Tuesday, January 18, 2005, to the Office of the City Clerk, City Hall, Second Floor, 100 Military Plaza, San Antonio, Texas 78205. The bids will be publicly opened and read in the Office of the City Clerk. The Bid Sheet may be submitted by mail or hand delivery. Submission of the Bid Sheet by telephone or facsimile transmission will not be accepted. All bids must be clearly labeled "Bid to Provide Tax-Exempt Master Lease Purchase Financing", Attention: Finance Department. Bids received after 1:30 p.m., on Tuesday, January 18, 2005, will not be accepted and will be returned unopened. The Bidder shall be solely responsible for the choice of mode and timing of delivery. The City shall not be liable in any manner whatsoever for lost, misrouted or late submissions.

The City's contact persons for this process are Mr. Donald J. Gonzales, Estrada Hinojosa & Company, 210-223-4888, Mr. Milo D. Nitschke, Finance Director, 210-207-8620, and Ms. Cappi Arriola, Financial Analyst, 210-207-8637.

All bids, once submitted, shall become the property of the City and will not be returned. Any information deemed to be confidential by a submitting Bidder should be clearly labeled "proprietary and confidential" on the page or pages where such confidential information is contained. However, the City cannot guarantee that such information will be kept from public disclosure as information deemed confidential by the Bidder may not be recognized as confidential under Texas law.